

U.S. May Offer Tax Aid On Cuba Ransom Drugs

Drug manufacturers may get a \$25 million tax deduction for medicines donated for the proposed Cuban prisoner exchange. The deal is ready to go when the deal is completed.

The prisoners were captured during the Bay of Pigs invasion attempt in April, 1961. They gained a great deal more than normal sympathy from Americans who realized that their capture had been insured by poor planning for which President Kennedy took personal responsibility.

Private citizens, quietly encouraged by the administration, are trying to work out an agreement for their ransom, based on an offer made last year by Fidel Castro.

The proposed deal includes shipment of American medical supplies to Cuba. This is technically a private transaction between Americans sympathetic to the plight of the prisoners and the Cuban government.

Alvaro Sanchez and Mrs. Virginia Betancourt, officials of the Cuban Families Committee, representing relatives of the prisoners, are with Mr. Donovan in Cuba.

But administration sources said today that the Internal Revenue Service will be asked to specify how the financial burden on drug companies can be eased through tax deductions.

Dispatches from Havana say the negotiators hope the prisoners will be freed soon and then flown to Miami in already-chartered planes.

Demanded \$62 Million

It has been suggested in the administration that the medical supplies could be given to Cuba through the Red Cross or a similar agency and thus be deductible—at wholesale value—as a charitable gift.

Mr. Castro demanded \$62 million in cash for the prisoners, but agreed later to take food and medicine instead.

Ready to Go

The exchange reportedly will include \$23 million worth of drugs, \$6 million in equipment, \$9.5 million in powdered milk and \$14.5 million in baby foods. Mr. Castro values the stocks at \$2 million for his own propaganda purposes, but the manufacturers' price is \$53 million.

Sources say the White House explored the possibility of direct use of Federal funds in the exchange, but found considerable opposition, particularly in Congress, to such a ransom deal.

Mr. Donovan started a new round of negotiations in Havana last night and the drugs have been assembled near Miami for later delivery.

Apparently 20 per cent of the ransom will be paid promptly and the rest pledged for later delivery.